
Date: January 14, 2008
Author: Tina Adams, Tom Beech
Category: Trust Histories

M E M O R A N D U M

TO: Bruce Carlson
FROM: Tina Adams, Tom Beech
DATE: January 14, 2008
RE: Memorial Trust Cost Comparison

Attached are several charts that we hope are responsive to your request to Tina and Bruce Fetzer to provide a “comparison of the true financial and personnel costs of running the Memorial Trust independently and what they would be if the Trust were folded completely into the Institute.”

We are providing three scenarios.

Scenario 1 - outlines the costs of running the Trust independently. The costs shown are based on the Trust’s fiscal 2007-2008 budget.

Scenario 2 – outlines our best estimate of administrative and investment costs assuming that the Trust assets would be folded completely into the Institute and incorporated into the Institute’s investment strategy.

Scenario 3 – uses the same administrative assumptions but assumes that the assets would be added to the Institute and managed separately with an aggressive mandate similar to the one now employed by the Trust. As “Line F” indicates the incremental cost of this would be \$30,000 annually.

In our discussions with Bruce Fetzer, three key points emerged that highlighted intangibles that will need to be considered.

- 1.) Two of the main functions of the Trust have been to provide for continuity of Mr. Fetzer’s founding purpose, and to undertake various legacy initiatives. The anticipated direct costs associated with this are shown in the “General Administration” line in Scenario 1. The Institute will have to decide what

structure and what additional costs would be advisable to continue these functions in the future.

Scenarios 2 and 3 include only the direct costs of adding a staff person and administrative support for these functions. (Line B)

- 2.) The Trust's investment performance is the direct result of the involvement of Bruce Fetzner and Lou Leeburg. The Institute will also have to determine how best to work toward achieving similar investment results in the future.
- 3.) The administration and operation of the Fetzner Franklin Fund is an important reflection of the differences between the organizational cultures of the Institute and Trust. In the attached charts we have assumed that the current Fetzner Franklin Fund personnel and costs would continue under Scenarios 2 and 3. This is shown on "Lines B, C, and D." The increase of \$136,000 in "Line B" in Scenarios 2 and 3 represents the new staff costs noted above. Here also, the Institute will need to determine what structure and costs will best provide for the continuation of the Fetzner Franklin Fund's work.

We hope that all of this is helpful to you and the Institute Trustees.